

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

	) Confirmation No.: 1330
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	) Group Art Unit: 3628
	)
Applicants: LAWRENCE et al.	) Examiner: Subramanian, Narayanswamy
	)
Application No.: 09/812,627	) <b>Resubmitted APPEAL BRIEF</b> to
	) February 22, 2007 Final Office Action
Filing Date: 3/20/2001	)
	) Attorney Docket No.: G08.124
For: AUTOMATED GLOBAL RISK	)
MANAGEMENT	) <b>PTO Customer Number 28062</b>
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Mail Stop Appeal Brief – Patents (via EFS)  
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Sir:

Responsive to the Notification of Non-Compliant Appeal Brief mailed September 18, 2007, Appellant hereby re-submits an appeal to the Board of Patent Appeals and Interferences from the decision of the Examiner in the Final Office Action mailed February 22, 2007 (the “Final Office Action”), rejecting claims 1 – 5, 7 – 21, and 26.

## **REAL PARTY IN INTEREST**

The present application is assigned to GOLDMAN, SACHS & CO., 85 Broad Street, New York, New York 10004, U.S.A.

## **RELATED APPEALS AND INTERFERENCES**

No other appeals or interferences are known to Appellant, Appellant's legal representative, or assignee which will directly affect, be directly affected by, or have a bearing on the Board's decision in the pending appeal.

## **STATUS OF CLAIMS**

Claims 6 and 22 – 25 have been canceled.

Claims 1 – 5, 7 – 21, and 26 stand rejected and are being appealed.

## **STATUS OF AMENDMENTS**

No amendments have been filed subsequent to the Final Office Action.

## **SUMMARY OF THE CLAIMED SUBJECT MATTER**

A variety of risks may be associated with maintaining an investment account, including factors associated with legal, regulatory, and reputational risk. Regulatory risk includes factors that may cause the financial institution to be in violation of rules put forth by a regulatory agency such as the Securities and Exchange Commission (SEC), whereas reputational risk relates to harm that a financial institution may suffer regarding its professional standing in the industry since a financial institution can suffer from being associated with a situation contrary to an image of honesty and forthrightness. (See, e.g., the Specification, paragraph [0003]) Additionally, financial institutions are often

closely regulated. As a result financial institutions are exposed to significant risks from their obligations of compliance with the law and to prevent, detect and, at times, report potential violations of laws, regulations and industry rules ("laws"). These risks are referred to as legal risks. (See, e.g., the Specification, paragraph 0026)

Each of the legal risk, regulatory risk, and reputational risk refer to different types of risks and include different risk factors and considerations. (See, e.g., the Specification, paragraph 0003)

The present invention provides a risk management method and system for facilitating analysis and quantification of risk associated with a financial transaction. An automated global risk management system maintains a database relating risk variables including world events government advisories, and other information sources with potential risk for a financial institution. A rating system is used to assess risk based upon criteria such as risk advisories, historical data and/or interpretation of world events. The system can generate a risk quotient or other rating based upon a weighted algorithm applied to the criteria, wherein the risk quotient is indicative of risk associated with a transaction or an account. The quotient can be monitored on a periodic basis, during the course of a transaction, upon account opening or on demand. Actions commensurate with a risk quotient can be presented to a financial institution to help the institution properly manage risk associated with a particular entity or transaction.

### ***Claim 1***

Claim 1 is directed to a computer-implemented method for managing risk related to a financial transaction, the method includes gathering data into a computer storage, the data related to risk variables for a financial transaction (FIG. 3, 310; paragraph 0047); receiving information into the computer storage relating to details of a financial transaction (FIG. 3, 311; paragraph 0047); structuring the received information with a processor, according to a risk quotient criteria associated with at least one of a legal, regulatory, and reputational risk (FIG. 3, 312; paragraph 0047); and generating with the processor, a risk quotient comprising at least one of a scaled numeric value and a

scaled alphanumeric value based on the structured information and the gathered data (FIG. 3, 313; paragraph 0048).

***Claim 16***

Claim 16 relates to a computerized system for managing risk associated with a financial account (FIG. 2). The claimed includes a computer server (210) accessible with a network access device (204 – 208) via a communications network (201) and executable software stored on the server and executable on demand (paragraph 0041), the software operative with the server to cause the system to gather data related to risk variables for a financial transaction (FIG. 3, 310; paragraph 0047); receive information relating to details of a financial transaction (FIG. 3, 311; paragraph 0047); structure the received information according to a risk quotient criteria associated with at least one of a legal, regulatory and a reputational risk (FIG. 3, 312; paragraph 0047); and generate the risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on the structured information and the gathered data (FIG. 3, 313; paragraph 0048).

***Claim 21***

Claim 21 relates to a computer executable program code residing on a computer-readable medium (paragraph 0041). The claimed program code includes instructions for causing a computer to gather data related to risk variables for a financial transaction (FIG. 3, 310; paragraph 0047); receive information relating to details of a financial transaction (FIG. 3, 311; paragraph 0047); structure the information received according to risk quotient criteria associated with at least one of a legal, regulatory, and a reputational risk (FIG. 3, 312; paragraph 0047), and generate a risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on referencing the structured information and the gathered data (FIG. 3, 313; paragraph 0048).

**GROUND OF REJECTION TO BE REVIEWED ON APPEAL  
THE REJECTION OF CLAIMS 1 – 5, 7 – 21, AND 26 UNDER 35 USC. §103(A) AS  
BEING UNPATENTABLE OVER BASCH ET AL., US PATENT 6,119,103.**

**ARGUMENT**

As will be explained, the rejections of each of the claims are improper because the cited references fails to teach or suggest embodiments of the claimed invention. Therefore, Appellants respectfully request that the Examiner's rejections be reversed and further request allowance of the claims.

***I. Claims 1 – 5, 7 – 21, and 26 are Patentable over Basch under 35 USC. 103(e)***

Appellant respectfully submits that Basch is related to and discloses a financial risk prediction system and method. Appellant maintains that Basch fails to disclose or suggest all of the claimed aspects of claims 1 – 5, 7 – 21, and 26. Indeed, the Final Office Action dated February 22, 2007 (hereinafter, the FOA) admits, “Basch does not teach the step wherein the risk is at least one of a legal, regulatory, and reputational risk”. (See FOA, page 3, paragraph 2)

Appellant respectfully submits that not only does Basch fail to disclose or suggest, at least, structuring the received information with a processor, according to a risk quotient criteria associated with at least one of a legal, regulatory, and reputational risk but that Basch is fundamentally and centrally concerned with and directed to a computer-implemented method for predicting financial risk. Basch discloses financial risk prediction techniques that use scoreable transactions as input data to assess the level of financial risk of a particular account and/or account holder. Examples of scoreable transactions include, for example, authorization requests for purchases of goods or services made on credit, clearing and settlement transactions between merchants and account issuers pertaining to one or more accounts, account issuer-supplied account records, public records, and the like. (See Basch, col. 5, ln. 8-16)

Basch, as a whole and as parsed according to the various example implementations therein, *explicitly* and *exclusively* relates to financial risks.

Regarding the cited and relied upon Packwood reference, Appellant notes that Packwood discloses,

The bank identifies about three hundred risk factors which are grouped according to whether they relate to branch operations or to one of the central headquarters operation areas. The bank divides the risk factors according to whether they are associated with branch operations, the bank's loan department, its finance department, the data processing operations or the compliance department.

Some of the branch operations risk factors which are selected include: latest compliance regulatory exam rating, quarterly teller over and short count, open audit and regulatory findings over twelve months old, variance of year-to-date budget versus actual operating income, number of branch manager meetings during past twelve months, current internal audit rating for each branch, number of branches reporting operating losses in last quarter, and months since last approval of branch operations policy. Loan operations risk factors which are selected include: loan allowance as a percentage of total loans, number of loan officers with portfolios greater than \$100 million, asset quality rating, percent of loans to total assets, net interest yield on loan portfolio, number of appraisals not reviewed by in-house reviewer, mortgage loans with expired hazard insurance, and percentage of total loans outside lending area of the Bank. Finance department factors include: net interest income as a percent of average assets, return on common equity, legal risk self-assessment, investments as a percent of total assets, return on assets, and months since last approval of finance operations policies. (emphasis added) (See Packwood, col. 10, ln. 46 – col. 11, ln. 13)

Thus, it is seen that Packwood, including that portion cited and relied upon in the FOA, discloses a specific example of the method therein that specifically includes risk factors according to whether they are associated with branch operations, the bank's loan department, the bank's finance department, the data processing operations or the compliance department. That is, Packwood discloses branch operation risk factors, bank loan department risk factors, bank finance department risk factors, bank data processing operations risk factors or bank compliance department risk factors. Therefore, Packwood does not disclose the claimed legal, regulatory, and reputational risks associated with a risk quotient criteria.

Furthermore, Appellant notes that while the branch operations risk factors may include a “latest compliance regulatory exam rating”, such a risk factor is associated with branch operations and not a risk quotient criteria as claimed by Appellant. Also, while the bank finance department risk factor that may include a “legal risk self-assessment”, such a risk factor is associated with the bank’s finance department and not a risk quotient criteria as claimed by Appellant

According to the very specific and explicit disclosure statements provided in Basch and Packwood, Appellant respectfully submits that the cited and relied upon combination of Basch and Packwood is improper given the explicit teachings of Basch. That is, Basch is so specific and unambiguous regarding the direct and limited application of the methods and systems therein to financial risk that the combination of Basch and Packwood as asserted in the Office Action to reject the pending claims is improper since it is contrary to the disclosure and teachings of the cited references.

Moreover, Appellant respectfully submits that even if Basch and Packwood were combined as asserted in the FOA, the resulting Basch/Packwood combination would not render the claims obvious. Appellant submits that the Basch/Packwood combination would appear to result in, for example, a method and system explicitly related to *financial risks* (as taught by Basch) associated with branch operations, the bank's loan department, its finance department, the data processing operations or the compliance department (as taught by Packwood).

Therefore, for at least the foregoing reasons, Applicant respectfully submits that the cited and relied upon of combination of Basch and Packwood is improper and therefore does not render claims 1, 16, and 21 obvious under 35 USC 103(a). Claims 2 – 5, 7 – 15, and 26 depend from claim 1 and claims 17 – 20 depend from claim 16. Applicant respectfully submits that claims 2 – 5, 7 – 20, and 26 are patentable over Basch and Packwood for at least the same reasons provided herein regarding claims 1 and 16.

Therefore, the reconsideration and withdrawal of the rejection of claims 1 – 5, 7 – 21, and 26 under 35 USC 103(a) are respectfully requested, as is the allowance of same.



## CONCLUSION

Applicants respectfully suggest that rejections of claims 47 - 60 are improper and request that the rejections be reversed. If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned.

Respectfully submitted,

October 4, 2007

Date

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Appendix A - Claims  
Appendix B - Evidence  
Appendix C - Related Proceedings

## Appendix A - Claims

The following is a complete copy of the claims involved in the appeal:

1. A computer-implemented method for managing risk related to a financial transaction, the method comprising:

gathering data into a computer storage, the data related to risk variables for a financial transaction;

receiving information into the computer storage relating to details of a financial transaction;

structuring the received information with a processor, according to a risk quotient criteria associated with at least one of a legal, , regulatory, and reputational risk; and

generating with the processor, a risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on the structured information and the gathered data.

2. The method of claim 1 additionally comprising the step of generating a suggested action in response to the risk quotient.

3. The method of claim 2 additionally comprising:

storing the received information, the risk quotient and the suggested action; and

generating a diligence report referencing the stored information.

4. The method of claim 3 wherein the diligence report comprises the received information relating to details of the financial transaction and actions taken in response to the risk quotient.

5. The method of claim 2 wherein the suggested action is additionally responsive to the information received.

6. (Canceled)

7. The method of claim 2 wherein the suggested action comprises refusing to perform a transaction.

8. The method of claim 2 wherein the suggested action comprises blocking acceptance of an account.

9. The method of claim 2 wherein the suggested action comprises notifying an authority.

10. The method of claim 1 wherein the received information comprises an identity of a high risk entity and the high risk entity's relationship to an account holder.

11. The method of claim 1 wherein the received information comprises an identity of a secrecy jurisdiction.

12. The method of claim 1 wherein the received information is gathered electronically.

13. The method of claim 1 additionally comprising aggregating risk quotients relating to a financial institution to assess a level of identified risk to which the financial institution is exposed.

14. The method of claim 1 additionally comprising calculating an average risk quotient associated with a transaction.

15. The method of claim 1 wherein the financial transaction comprises opening a financial account.

16. A computerized system for managing risk associated with a financial account, the system comprising:

a computer server accessible with a network access device via a communications network and executable software stored on the server and executable on demand, the software operative with the server to cause the system to:

gather data related to risk variables for a financial transaction;

receive information relating to details of a financial transaction;

structure the received information according to a risk quotient criteria associated with at least one of a legal, regulatory and a reputational risk; and

generate the risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on the structured information and the gathered data.

17. The computerized system of claim 16 wherein the information is received via an electronic feed.

18. The computerized system of claim 16 wherein the information received is generated by a government agency.

19. The computerized system of claim 16 wherein the network access device is a personal computer.

20. The computerized system of claim 16 wherein the network access device is a wireless handheld device.

21. Computer executable program code residing on a computer-readable medium, the program code comprising instructions for causing a computer to:

gather data related to risk variables for a financial transactions;

receive information relating to details of a financial transaction;

structure the information received according to risk quotient criteria associated with at least one of a legal, regulatory, and a reputational risk, and

generate a risk quotient comprising at least one of a scaled numeric value and a scaled alphanumeric value based on referencing the structured information and the gathered data.

22 - 25. (Canceled)

26. The method of claim 1 wherein the risk quotient is indicative of an amount of monetary cost to defend all adverse position or a fine.

## **Appendix B - Evidence**

No evidence is being submitted with this Appeal Brief (*i.e.*, this appendix is empty).

## **APPENDIX C - RELATED PROCEEDINGS**

No prior or pending appeals, interferences, or judicial proceedings are known to Applicant, Applicant's legal representative, or assignee, which may be related to, directly affect, be directly affected by, or have a bearing on the Board's decision in the pending appeal. Therefore, there are no copies of decisions rendered by a court or the Board to attach (*i.e.*, this appendix is empty).